

STATE OF SOUTH CAROLINA

(Caption of Case)

Palmetto Clean Energy - Voluntary :Program for
Customers

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: _____ - _____ - _____

(Please type or print)

Submitted by: Catherine E. Heigel

SC Bar Number: 9268

Address: Duke Energy Corporation

Telephone: 704.382.8123

P O Box 1006 / EC03T

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Charlotte, NC 28201-1006

Other:

Email: ceheigel@duke-energy.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda expeditiously

☒ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input checked="" type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	



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December 5, 2007

Mr. Charles L. A. Terreni
Chief Clerk/Administrator
The Public Service Commission of South Carolina
P. O. Drawer 11649
Columbia, South Carolina 29211

RE: Palmetto Clean Energy, Inc. ("PaCE") Program Rate Schedule

Dear Mr. Terreni:

Please find enclosed for the Public Service Commission of South Carolina's consideration and approval an original and two (2) copies of Duke Energy Carolinas, LLC's (the "Company") rate schedule for the PaCE Program to be effective February 1, 2008.

The Company's PaCE Program schedule provides customers the option, at the customer's sole election, to support the development of renewable energy resources, such as wind, solar, hydro, and biomass. If a customer chooses to participate in the program, the Company will collect the customer's contribution (in accordance with the enclosed rate schedule) and remit such funds to Palmetto Clean Energy, Inc., a South Carolina non-profit corporation with tax exempt status under Section 501(c)(3) of the Internal Revenue Code. The Company has also enclosed for the Commission's information a copy of PaCE's Internal Revenue Service Determination Letter, dated November 16, 2007.

PaCE was incorporated on August 6, 2007 and is governed by a five member board comprised of representatives of the Office of Regulatory Staff, the South Carolina Energy Office, Progress Energy Carolinas, Inc., South Carolina Electric & Gas Company, and Duke Energy Carolinas, LLC. The PaCE board members are not compensated for their governance services and the participating entities have no equity interest in the corporation. PaCE was established to serve as a third party administrator of PaCE Program contributions. In this capacity, PaCE will (i) aggregate customer demands via voluntary customer participation in the PaCE Program tariff; (ii) qualify Renewable Generators ("RGs"); (iii) issue Requests for Proposal for renewable resource generation; and (iv) select and contract with RGs.

RGs will also enter into a Power Purchase Agreement with the electric utility that will receive the energy the RG produces at that utility's approved avoided cost rate. The RG is responsible for delivering the contracted power to the utility's grid at which time the utility will pay the RG for the power delivered and the RG will report to PaCE the power it has generated. Based on the RG's power generation report, PaCE will then pay the RG the premium specified in the RG's contract with PaCE, provided sufficient funds are available.

In summary, PaCE is a renewable energy program designed to encourage the development of renewable energy resources that improve the environment through reduced greenhouse gas emissions. The Company's customers can elect to fund green power purchases by the three major investor-owned utilities in South Carolina: Progress Energy Carolinas, Inc., South Carolina Electric & Gas Company, and Duke Energy Carolinas, LLC. Contributions to the PaCE Program will help provide financial incentives for generators of electricity from renewable resources. Through this partnership, program participants will *set the PaCE* for the development of renewable energy in South Carolina.

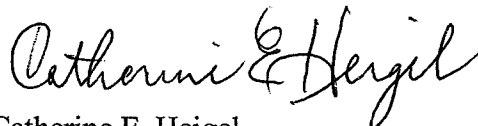
Pursuant to S.C. Code Ann. § 58-27-870(F) (Supp. 2006), the Commission may issue an order allowing rates and tariffs to be put into effect without notice and hearing when such rates "do not require a determination of the entire rate structure and overall rate of return, or ... do not result in any rate increase to the electrical utility." Because the PaCE Program will not require a determination of the entire rate structure or result in an increase in rates for customers, SCE&G respectfully requests that the Commission review the attached rate schedule and approve such rate and tariff without notice or hearing.

By copy of this letter and pursuant to S.C. Code Ann. § 58-3-140 (Supp. 2006), we are also providing a copy of the enclosed tariff to the Executive Director of the Office of Regulatory Staff.

PLEASE NOTE THAT THESE DOCUMENTS ARE AN EXACT DUPLICATE, WITH THE EXCEPTION OF THE FORM OF THE SIGNATURE, OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script, reading "Catherine E. Heigel".

Catherine E. Heigel

Enclosures

cc: C. Dukes Scott, ORS

PaCE PROGRAM (SC)

AVAILABILITY (South Carolina only)

Available on a limited and voluntary basis to retail customers receiving concurrent service from the Company who contract for a block(s) of electricity generated from Renewable Energy Resources provided through the clean power program (the "Program") administered by Palmetto Clean Energy, Inc. ("PaCE"), a South Carolina non-profit corporation.

The maximum number of customers served under this Program shall be determined by the maximum number of blocks of Renewable Energy Resources available for purchase through PaCE.

GENERAL PROVISIONS

Each customer may contract with the Company to allow for the purchase of Renewable Energy Resources to be billed to the customer monthly. The customer may change the number of blocks of Renewable Energy Resources contracted for once during each calendar year unless otherwise authorized by the Company.

Renewable Energy Resources will be produced, purchased or otherwise acquired to meet the expected blocks contracted for during each calendar year with an appropriate true-up of the delivery of the blocks to the purchase of blocks. The actual amount of energy provided from Renewable Energy Resources during any given month may be more or less than the number of blocks of Renewable Energy Resources for which customers have contracted but expect to achieve unity over time.

Customers participating in this Program will continue to receive and pay for energy used under the applicable rate schedule. The contracted block(s) provided under this Program shall be charged at the Rate shown below regardless of the Customer's actual monthly kilowatt-hour usage. Charges under the Rate as set forth below will be used to offset the higher cost of producing, purchasing, and/or acquiring the appropriate Renewable Energy Resources. Funds collected through this Program will be provided to PaCE and distributed to Renewable Energy Resource providers by PaCE.

Energy purchased and/or produced from Renewable Energy Resources will displace energy that would have otherwise been produced from traditional generating facilities, and may not be delivered specifically to the individual customer contracting for the service under this Program.

DEFINITIONS

Renewable Energy Resources: For the purposes of this Program, Renewable Energy Resources shall be those sources of energy, as approved by PaCE and listed on the PaCE website (www.palmettocleanenergy.org), used to generate electricity for delivery to the electric grid.

Block of Renewable Energy Resources: A block of Renewable Energy Resources is equivalent to 100 kWh.

Month: The term "month" as used in this Program shall be customer's normal bill month for the period between monthly meter readings.

RATE

\$ 4.00 per block of Renewable Energy Resources per month.

PAYMENT

Bills under this Program are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. If any bill is not so paid, the Company has the right to terminate the customer's contract for this service.

CONTRACT PERIOD

Each customer electing to participate in this voluntary Program is contracting with the Company to purchase a specified number of blocks of Renewable Energy Resources through PaCE on a month-to-month basis upon the condition that either party can terminate the contract by giving at least thirty (30) days prior written notice of such termination.